

WATERCRAFT EXCISE TAX
RCW 82.49

Tax Base Fair market value of noncommercial boats which are used on Washington waters. Fair market value means the latest purchase price of the vessel, depreciated from the year of purchase to the current year according to a depreciation schedule developed by the Department of Revenue. Boats which were not purchased, or whose purchase price does not represent fair market value, may be appraised by the Department of Revenue.

Tax Rate 0.5 percent (minimum of \$5)

Levied by State

Administration Department of Licensing. The tax is paid annually by owners when registering the vessel. It is collected by the Department of Licensing and its agents, including county auditors and authorized private firms. The tax is due by June 30 each year for the succeeding 12 months; the tax for newly registered boats is prorated to the following June 30. Decals for placement on the bow of the boat are issued upon payment of the tax and license fees. The Department of Revenue may collect unpaid excise tax, including any penalties and interest.

Recent Collections (\$000)

| <u>Fiscal Year</u> | <u>Collections</u> | <u>% Change</u> | <u>% of All State Taxes</u> |
|--------------------|--------------------|-----------------|---------------------------------|
| 2001 | \$11,413 | 1.9% | 0.1% |
| 2000 | 11,204 | 9.6 | 0.1 |
| 1999 | 10,226 | 8.2 | 0.1 |
| 1998 | 9,448 | 6.3 | 0.1 |
| 1997 | 8,886 | 4.1 | 0.1 |
| 1996 | 8,533 | 0.2 | 0.1 |
| 1995 | 8,514 | 7.0 | 0.1 |
| 1994 | 7,960 | 4.4 | 0.1 |
| 1993 | 7,627 | 4.4 | 0.1 |
| 1992 | 7,309 | 11.5 | 0.1 |

Exemptions

- Boats that are not required to register under Chapter 88.02 RCW:
 - federal vessels, except recreational boats;
 - vessels owned by state and local governments;
 - vessels registered in other countries;
 - foreign vessels with valid U.S. Customs cruising licenses;
 - vessels registered in other states and owned by nonresidents but only if they are in Washington for less than 60 days;
 - nonresidents' vessels which are in Washington for repair (the Department of Revenue must be notified if such boat is in the state more than 60 days);
 - boats powered by less than 10 horse-power motors which are used as tenders;
 - boats less than 16 feet in length with no propulsion machinery;
 - boats less than 16 feet in length with motors of less than 10 horse-power if they are not used on waters covered by federal jurisdiction;
 - boats without motors which are principally propelled by human power;
 - vessels temporarily in the state for repair or alteration;
 - commercial vessels which are documented by the federal government; and
 - foreign commercial vessels.
- commercial fishing boats;
- boats under 16 feet in length;
- governmental vessels;
- vessels owned by nonprofit youth organizations; and
- vessels in dealers' inventories which are not regularly rented.

History

The watercraft excise tax was adopted in 1983, effective July 1, 1983. Prior to 1983, boats were subject to assessment as personal property (although few counties devoted the necessary staff to locate and assess recreational boats); boats were subject to the state property tax levy and 20 percent of all local levies.

Discussion/Major Issues

The watercraft excise tax is presumed to be in lieu of property tax. However, the rate does not correspond with property tax levy rates, and the revenues are not distributed to local taxing districts. Registration of boats and implementation of the excise tax has clarified the taxation of pleasure boats and resulted in uniform treatment of all boat owners throughout the state.